

MINUTES
BOARD OF SUPERVISORS
COUNTY OF YORK

Adjourned Meeting
January 11, 2005

6:00 p.m.

Meeting Convened. An Adjourned Meeting of the York County Board of Supervisors was called to order at 6:03 p.m., Tuesday, January 11, 2005, in the East Room, York Hall, by Chairman James S. Burgett.

Attendance. The following members of the Board of Supervisors were present: Walter C. Zarembo, Sheila S. Noll, Kenneth L. Bowman, James S. Burgett, and Thomas G. Shepperd, Jr.

Also in attendance were James O. McReynolds, County Administrator; and James E. Barnett, County Attorney.

JOINT MEETING WITH YORK COUNTY SCHOOL BOARD

School Board Members Present: Page Minter, Barrett M. Henry, and Linda Meadows.

Also present were: Dr. Steven Staples, Superintendent of Schools; and Richard Hixson, Deputy Superintendent for Operations.

PRELIMINARY OUTLOOK ON FISCAL YEAR 2006 BUDGET

Mr. McReynolds indicated the purpose of this meeting is to give the two boards a preliminary outlook on the FY2006 budget. He noted the meeting was taking place later than normal because by waiting staff was able to predict the position for next year with more certainty and accuracy. Mr. McReynolds stated Carol White and Dennis Jarrett would make presentations on the specific numbers.

Dr. Staples thanked Mr. McReynolds and the County staff for going over the figures and projections as well as the priorities of both boards.

Mr. Dennis Jarrett, School Division Director of Finance, made a presentation on the revenue outlook for the School Division in FY2006. The revenue assumptions included an enrollment projection of 12,700 students and an impact aid increase projection of \$1.6 million based on the FY2005 proposed Federal budget. He then discussed State revenue, stating that it was the second year of the biennium, and the composite index will not change. He also noted there will be an increase in the VRS retirement rate.

Mrs. Carol White, Director of Financial and Management Services, then briefed the two boards on the FY2006 County revenue projections. In terms of local revenue, staff is expecting property taxes to increase 5 to 6 percent, with a 12.5 to 13.5 percent increase expected for other local taxes. Other local revenues are projected to stay level with the FY05 budget. On the State side, staff is assuming State funding levels will be level with the FY05 budget. Transfers for activities such as grounds maintenance and law enforcement should see a slight increase over the FY05 budget. Other revenue should remain level with the 2005 budget. Overall, the County can expect a \$6.8 million to \$7.2 million increase over last year. She then discussed the employee compensation system, explaining that a benchmarking system is used for the non-licensed (non-teaching) employees, both County and School Division, through a comparison of pay scales in market areas to maintain competitiveness of the County's pay plan. Based on the benchmarking study, a need for a 2.25 percent market adjustment has been identified.

Chairman Burgett asked what the total pay increase in percentage would be for the employees.

Mrs. White indicated it would mean an average 5.1 percent increase, including health insurance.

Discussion followed concerning the characteristics and compatibility of certain positions that are used in comparison with similar positions in the localities chosen for the benchmark study.

Mr. Jarrett then reviewed the Licensed Salary Scale and its background information, explained the pay lanes and the School Board's goal for FY06 in terms of the salary scales. He spoke of the Hampton Roads market and the school divisions used in the benchmarking study. He noted there has been real progress with teacher salaries.

Discussion followed on the hiring process for teachers outside of the Hampton Roads area and the use of incentives to draw qualified teachers to the area.

Chairman Burgett asked Mr. Jarrett what the overall percentage increase would be for the licensed positions.

Mr. Jarrett indicated it would be a 7-7.5 percent total increase, or approximately \$4.2 million to include the non-licensed personnel increase.

Mrs. White provided summary of the funding requirements for both the School Division and the County. She addressed the estimated County funding requirements and issues for Fiscal Year 2006, which include:

• Contribution to Schools	\$2,550,000
• Employee Compensation (Steps)	790,000
• Market Adjustment	620,000
• Health Insurance	350,000
• Capital/Debt—Schools *County	560,000
• Equipment Maintenance	500,000
• Transfers—Utilities & Tourism	240,000
• Total	<u>\$5,610,000</u>

She noted that at this time the amount for new program/personnel and general price increases were unknown.

Discussion followed concerning the increase in health insurance rates.

Mr. Zaremba questioned the funding requirements, stating if the projections are correct in terms of revenue, there would be about \$1.5 million to answer the questions about new programs and new personnel. He asked if staff was comfortable in meeting the County's other requirements in terms of new programs/personnel.

Mr. McReynolds stated he would present a budget that was within the limits of available resources. He indicated staff was already looking at significant negotiations with some departments because the overall requests are \$7 million over the anticipated receipts. New programs/personnel are at about \$2.1 million, and the most he would be willing to recommend might be \$600,000.

Mr. Zaremba then noted that the Board has also looked at some recommendations for use of end of FY04 year-end funds, and he asked why the Board should spend this money. He stated the answer is always because they are one-time, non-recurring funds. He asked how does the staff know those excess funds were non-recurring vs. recurring.

Chairman Burgett stated there are certain efficiencies that take place, or programs are reduced, and this money accumulates. He stated no one can accurately predict how much might be left over at the end of the year, but it is wonderful that the County is able to have it because it gives the Board an opportunity to take care of other things.

Mr. McReynolds explained that in developing the budget, staff does its best to estimate what the revenues and expenditures are going to be in any given fiscal year. The staff cannot spend more than is appropriated, and the Board has a fiscally conservative posture. Since 1991 there has been an excess which has varied between 1-2.5 percent of gross revenues and ex-

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penses. These funds could be given back to the citizens, but trying to estimate what that amount might be as many as 18 months out would be difficult. The practice of the Board in the past has been to put the funds in the capital program.

Mr. Zaremba stated that would be fine if the Board put the excess into the capital program without adding additional capital projects. He then asked what \$.01 equated to on the tax rate.

Mrs. White stated each \$.01 equated to \$530,000.

Meeting Adjourned. At 7:16 p.m. Chairman Burgett declared the meeting adjourned sine die.

James O. McReynolds, Clerk
York County Board of Supervisors

James S. Burgett, Chairman
York County Board of Supervisors